

DEPARTMENT OF BUSINESS OVERSIGHT*Ensuring a Fair and Secure Financial Services Marketplace for all Californians***JAN LYNN OWEN****Commissioner of Business Oversight****For Immediate Release**

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DBO Announces \$9.2 Million Settlement with Nationstar-Mr. Cooper Mortgage

SACRAMENTO – The California Department of Business Oversight (DBO) today announced that Nationstar Mortgage, doing business as Mr. Cooper, has agreed to pay more than \$9.2 million in refunds and penalties to resolve allegations that the Texas-based mortgage lender and servicer overcharged borrowers and failed to properly investigate consumer complaints.

“You don’t get to take advantage of consumers in California,” DBO Commissioner Jan Lynn Owen said. “With this [settlement](#), the DBO has secured millions in refunds for borrowers, penalties to discourage future violations, and ongoing independent audits to monitor Nationstar’s compliance with California law.”

The settlement includes more than \$4 million that Nationstar already has refunded, under the DBO’s direction, to 48,000 borrowers for per diem interest and recording fees. An additional 1,637 borrowers will receive refunds of \$120 plus interest for an origination fee the DBO determined to be unlawful. The combined refunds total more than \$4.2 million.

The settlement also requires Nationstar to submit to independent auditing of its loan originations and to implement revised policies and procedures to prevent future violations of California law.

In addition to the refunds, Nationstar will pay \$4.8 million in penalties for past violations, \$250 for each additional violation identified by the independent auditor, and \$200,000 to cover the costs of the investigation.

The settlement resolves violations discovered in two regulatory examinations of loan originations and other activities dating back to 2009. Under California law, lenders cannot start charging interest on mortgage loans prior to the business day before the loan proceeds are disbursed and may not charge fees that exceed actual recording costs. California law also prohibits lenders from accepting referral fees from third-party settlement service providers. The DBO found that Nationstar violated the statutory limits on per diem interest and recording fee charges, and accepted unlawful referral fees.

California law also requires mortgage servicers to conduct a reasonable investigation in response to borrower complaints alleging servicing errors. The DBO found that Nationstar lacked appropriate policies and procedures to conduct a reasonable investigation of complaints involving errors that arose with a prior servicer.

The DBO licenses and regulates more than 360,000 individuals and entities that provide financial services in California. The DBO’s regulatory jurisdiction extends over state-chartered banks and credit unions, money transmitters, securities broker-dealers, investment advisers, non-bank installment lenders, proraters, payday lenders, mortgage lenders and servicers, escrow companies, franchisors and more.

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